

**ASSEMBLY BILL**

**No. 2127**

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**Introduced by Assembly Members O'Donnell and Brough**

February 17, 2016

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An act to amend Sections 7318 and 8651.8 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2127, as introduced, O'Donnell. Motor vehicle fuel: gasohol.

Existing law, the Motor Vehicle Fuel Tax Law, imposes a tax upon the privilege of distributing motor fuel and defines the term "gasohol" for purposes of that law. Gasohol is defined as all blends of gasoline, and alcohol containing more than 15% gasoline.

This bill would redefine gasohol to instead mean all blends of gasoline, and alcohol containing more than 18% gasoline.

Existing law, the Use Fuel Tax Law, imposes an excise tax for the use of fuel, as defined, and provides that the excise tax imposed upon ethanol or methanol containing not more than 15% gasoline or diesel fuels shall be  $\frac{1}{2}$  of that rate.

This bill would instead apply that discounted rate to ethanol or methanol containing not more than 18% gasoline or diesel fuel.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 7318 of the Revenue and Taxation Code  
2     is amended to read:

1     7318. “Gasohol” means all blends of gasoline, and alcohol  
2 containing more than ~~15~~ 18 percent gasoline.

3     SEC. 2. Section 8651.8 of the Revenue and Taxation Code is  
4 amended to read:

5     8651.8. (a) Notwithstanding Section 8651, the excise tax  
6 imposed upon ethanol or methanol containing not more than ~~15~~  
7 18 percent gasoline or diesel fuels shall be one-half the rate  
8 prescribed by Section 8651 for each gallon of fuel used.

9     (b) All references in this code to Section 8651 shall be deemed,  
10 with respect to the rate imposed upon ethanol or methanol, to also  
11 refer to this section.

12     SEC. 3. This act provides for a tax levy within the meaning of  
13 Article IV of the Constitution and shall go into immediate effect.